

University of Management & Technology (UMT)

**Extending economic perspective to service perspective:
Developing a conceptual agency service relation
framework using grounded theory approach**



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Developing a Conceptual Agency Service Relation Framework using
Grounded Theory Approach

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Abstract

Service-dominant logic (SD logic) is an emerging paradigm that emphasizes on the concept of service (application of competences and skills) as basis of exchange rather than goods as unit of exchange (Vargo et al. 2010). SD logic is more concerned with collaboration, resource integration and value co-creation. New logic of marketing is attaining attention of marketing researchers and they are looking business and marketing activities with this new logic but management studies are still waiting to be viewed with service perspective. It is need to view management concepts with new logic to understand the phenomenon with alternative perspective. Ford & Bowen (2008) also called management researchers to contribute in management studies with the new lens of service-dominant logic and to develop a new paradigm to see management activities that remained employer centric due to the dominance of economic paradigm in management science.

This study is an initiative to introduce service perspective in management research and review agency relation with new paradigm. It provides a shift in agency relationship from economic perspective to service perspective. Using grounded theory methodology, a conceptual framework of agency service relationship is developed. The outcome of this study suggests that agency service relationship between employee and employer is based on service contract which is led by need for reciprocal exchange of service. Value is

proposed through promising an attractive and desired offer. Employer and employee as a service actors play the role of resource holders and resource integrators in this relationship. Both service actors integrate their resources (operant and operand resources) to co-create value which is mutually benefited. Service supported organizational practices and processes influence and mitigate the value co-creation process. Delivered value can adopt the form of relationship, experience, monetary/financial incentive and knowledge and learning. Agency service relationship in contrast of agency relationship propose mutual goal, trust, cooperative and collaborative nature of relation and maximum benefits to both service actors.

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1 INTRODUCTION

1.1 Introduction

Agency theory deals with corporate economic relationship. This relationship is developed through the interaction of economic actors. One actor (principal/employer) grants authority to another actor (agent/employee) to act on his/her behalf. The principal's welfare is dependent on agent's decisions and actions (Arrow, 1984; Jensen & Meckling, 1976). Principal's benefits cannot be maximized due to the differentiated goals of both economic actors and their attitude toward risk (Wright et al. 1996). Agency theory has provided an influential business perspective with dominant economic views due to the dominance of economic paradigm till now.